



**MCI Telecommunications  
Corporation**

1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

ORIGINAL

July 5, 1995

JUL - 5 1995

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street, N.W.  
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

**Re: Petition for Rulemaking to Amend Part 32 of the Commission's  
Rules to Eliminate Detailed Property Records for Certain Support  
Access; RM 8640**

Dear Mr. Caton:

Enclosed herewith for filing are the original and four (4) copies of MCI Telecommunications Corporation's Opposition, regarding the above-captioned matter.

Please acknowledge receipt by affixing an appropriate notation on the copy of the MCI Opposition, furnished for such purpose and remit same to the bearer.

Sincerely yours,

Don Sussman  
Regulatory Analyst

Enclosure  
DHS

No. of Copies rec'd  
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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

JUL - 5 1995

**In the Matter of:**

**Petition for Rulemaking to Amend  
Part 32 of the Commission's Rules  
to Eliminate Detailed Property Records  
for Certain Support Access**

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**RM 8640**

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**MCI OPPOSITION**

MCI Telecommunications Corporation ("MCI"), pursuant to the Commission's Public Notice released May 10, 1995, respectfully submits its comments in opposition to the Petition for Rulemaking ("Petition") filed by the United States Telephone Association on May 31, 1994.<sup>1</sup> USTA's petition requests that the Commission no longer require LECs to maintain detailed records on over \$15 billion worth of plant and equipment.<sup>2</sup> Specifically, USTA proposes that the Commission amend Part 32 of its rules to eliminate detailed continuing property records ("CPRs") for certain support asset accounts. These support assets include the items in Accounts 2115, Garage work equipment;

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<sup>1</sup>Petition for Rulemaking, May 31, 1994.

<sup>2</sup> USTA's Petition addresses 6% to 7% of the gross plant balance. According to Statistics of Common Carriers, Total Telecommunications Plant in Service ("TPIS") as of December 31, 1993 equalled nearly \$258.8 billion.

2116, Other work equipment; 2122, Furniture; 2123, Office equipment; and the personal computers and peripheral equipment in Account 2124, General purpose computers. In place of CPRs for those accounts, USTA proposes that carriers be permitted to use a vintage amortization level ("VAL") property record system. Under this system, the net book value of existing assets in each account would be placed in a VAL group and amortized on a straight-line basis over the remaining life that results from the asset life chosen from the Commission approved range of lives. All new purchases would also be placed in a VAL group and amortized in the same manner.

MCI opposes USTA's Petition for several reasons. First, USTA has not provided the Commission with sufficient information to assess the validity of USTA's claim that a disproportionate amount of resources are currently being dedicated to *maintaining detailed property records for support assets*.<sup>3</sup> USTA baldly asserts that for some LECs, the cost of administering support assets under the current system ranges from 16% to 20% of the total administrative cost of accounting for all plant. USTA has failed to provide any evidence to support its contention.

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<sup>3</sup>USTA Petition at 3-4.

Second, in light of the 100 violations, worth nearly \$75 million,<sup>4</sup> that were documented in the Commission's recent audit of the Bell Operating Companies,<sup>5</sup> it seems counter-intuitive for the Commission to grant USTA's request to permit LECs to keep less detailed records. Additionally, an audit team that recently examined the transactions between Ameritech Operating Companies and Ameritech Services Inc. found that, in certain cases, the LEC had failed to provide sufficient written documentation to allow the audit team to analyze and substantiate apportionment of the LEC's costs.<sup>6</sup> Under the current accounting rules, the audit team found that oral history was often the only source of

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<sup>4</sup>See In the Matter of The Ameritech Telephone Operating Companies, Order to Show Cause, FCC 95-72, AAD 93-146, released March 3, 1995; In the Matter of The Bell Atlantic Telephone Operating Companies, Order to Show Cause, FCC 95-73, AAD 93-147, released March 3, 1995; In the Matter of The BellSouth Telephone Operating Companies, Order to Show Cause, FCC 95-74, AAD 93-148, released March 3, 1995; In the Matter of The NYNEX Telephone Operating Companies, Order to Show Cause, FCC 95-75, AAD 93-149, released March 3, 1995; In the Matter of Pacific Bell, Order to Show Cause, FCC 95-76, AAD 93-150, released March 3, 1995; In the Matter of Southwestern Bell Telephone Company, Order to Show Cause, FCC 95-77, AAD 93-151, released March 3, 1995; In the Matter of US West Communications, Inc., Order to Show Cause, FCC 95-78, AAD 93-152, released March 3, 1995; In the Matter of GTE Telephone Operating Companies, Order to Show Cause, FCC 95-427, released March 3, 1995; and In the Matter of Southwestern Bell Telephone Company, Order to Show Cause, FCC 95-31, AAD 93-32, released March 3, 1995.

<sup>5</sup> At the discretion of the Commission, the National Exchange Carrier's Association, Inc. ("NECA") hired Ernst and Young to conduct an independent audit of carrier-reported adjustments to the Common Line revenue pool for 1988 and the first quarter of 1989.

<sup>6</sup>Public Utilities Commission of Ohio, Public Service Commission of Wisconsin and Federal Communications Commission Joint Audit Team, Review of Affiliate Transactions at Ameritech Services, Inc., May 1995.

information. Clearly, if the Commission were to grant USTA's petition, the auditing process would be exacerbated. LEC financial records for more than \$15 billion worth of equipment would become further blurred.

USTA has not demonstrated in its petition that the current cost of administering Part 32 of the Commission's rules is overly burdensome or disproportionately high for the above-referenced equipment. Nor has USTA demonstrated that its proposed rule change is in the public interest. Thus, for the above-mentioned reasons, MCI urges the Commission to deny USTA's Petition for Rulemaking, filed May 31, 1994.

Respectfully submitted,  
MCI TELECOMMUNICATIONS CORPORATION

A handwritten signature in black ink, appearing to read 'Don Sussman', with a long horizontal flourish extending to the right.

Don Sussman  
Regulatory Analyst  
1801 Pennsylvania Ave., NW  
Washington, D.C. 20006  
(202) 887-2779

July 5, 1995

STATEMENT OF VERIFICATION

I have read the foregoing and, to the best of my knowledge, information, and belief, there is good ground to support it, and it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on July 5, 1995.

A handwritten signature in black ink, appearing to read 'Don Sussman', written over a horizontal line.

Don Sussman  
1801 Pennsylvania Avenue, NW  
Washington, D.C. 20006  
(202) 887-2779

## CERTIFICATE OF SERVICE

**I, Stan Miller, do hereby certify that copies of the foregoing Opposition were sent via first class mail, postage paid, to the following on this 5th day of July.**

Kathleen Wallman\*\*  
Chief, Common Carrier Bureau  
Federal Communications  
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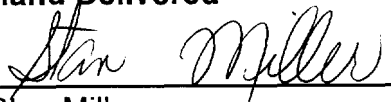
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**Hand Delivered\*\***

  
Stan Miller